



280801
Laura Bateman
Carolinas Rates & Regulatory Strategy
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May 30, 2014

Jocelyn Boyd
Chief Clerk and Administrator
Public Service Commission of South Carolina
Post Office Drawer 11649
101 Executive Center Drive, Suite 100
Columbia, SC 29211

Dear Mrs. Boyd:

Enclosed per Docket No. 1988-11-E is the quarterly report of Duke Energy Progress, LLC for the twelve months ending March 31, 2014. Debt coverage ratio of earnings to Fixed Charges was 3.89 for this time period.

Please feel free to contact me at 919.546.3324 if you have any questions.

Sincerely,

Laura Bateman
Carolinas Rates & Regulatory Strategy
Duke Energy

Enclosures

pc: Mr. John Flitter, Director
Electric & Gas Regulation
Office of Regulatory Staff

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COMMISSION

CERTIFICATION

(Certification must be signed by the Chief Executive Officer and the Chief Financial Officer)

I, Clark S. Gillespy, state and attest, under penalty of perjury, that the attached South Carolina Quarterly Report is filed on behalf of Duke Energy Progress, Inc., as required by the Public Service Commission of South Carolina; that I have reviewed said report and, in the exercise of due diligence, have made reasonable inquiry into the accuracy of the information and representations provided therein; and that, to the best of my knowledge, information, and belief, all information contained therein is accurate and true and contains no false, fictitious, fraudulent or misleading statements; that no material information or fact has been knowingly omitted or misstated therein, and that all information contained therein has been prepared and presented in accordance with all applicable South Carolina general statutes, Commission rules and regulations, and applicable Commission Orders. Any violation of this Certification may result in the Commission initiating a formal earnings review proceeding.

Clark S. Gillespy
Signature of President

Clark S. Gillespy
Typed or Printed Name of Person Signing

State President, Duke Energy South Carolina
Title

05/27/14
Date Signed

Subscribed and sworn to before me this 27 day of May, 2014.

Patricia C. Ross
Notary Public

My Commission Expires: 10-17-2014



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COMMISSION

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CERTIFICATION

(Certification must be signed by the Chief Executive Officer and the Chief Financial Officer)

I, James D. Wiles, state and attest, under penalty of perjury, that the attached South Carolina Quarterly Report is filed on behalf of Duke Energy Progress, Inc., as required by the Public Service Commission of South Carolina; that I have reviewed said report and, in the exercise of due diligence, have made reasonable inquiry into the accuracy of the information and representations provided therein; and that, to the best of my knowledge, information, and belief, all information contained therein is accurate and true and contains no false, fictitious, fraudulent or misleading statements; that no material information or fact has been knowingly omitted or misstated therein, and that all information contained therein has been prepared and presented in accordance with all applicable South Carolina general statutes, Commission rules and regulations, and applicable Commission Orders. Any violation of this Certification may result in the Commission initiating a formal earnings review proceeding.

James D. Wiles
Signature of Person Making Verification

James D. Wiles
Typed or Printed Name of Person Signing

Director Regulated Accounting
Title

May 27, 2014
Date Signed

Subscribed and sworn to before me this 27 day of May, 2014.

Kem V. Beal
Notary Public

My Commission Expires: October 24, 2014

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Duke Energy Progress
Electric Operating Experience - Total Company & SC Retail
Twelve Months Ended March 31, 2014

Line No.	Description	Total Company			SC Retail		
		Regulatory Per Books	Pro-Forma Adjustments	As Adjusted	Regulatory Per Books	Pro-Forma Adjustments	As Adjusted
(Col. 1)		(Col. 2)	(Col. 3)	(Col. 4)	(Col. 5)	(Col. 6)	(Col. 7)
		\$	\$	\$	\$	\$	\$
1	Operating Revenues	5,181,649,906	(96,176,013)	5,085,473,893	552,477,462	(16,807,950)	535,669,512
2	Operating Expenses						
3	O&M Expenses - Fuel	1,536,596,587	-	1,536,596,587	165,332,307	-	165,332,307
4	O&M Expenses - Other	1,881,707,642	(59,330,453)	1,822,377,189	215,220,378	(8,200,111)	207,020,268
5	Depreciation & Amortization Expenses	518,245,965	41,089,970	559,335,935	52,403,784	4,973,237	57,377,020
6	Taxes Other Than Income	230,275,772	(35,485)	230,240,287	16,524,963	(192,959)	16,332,004
7	Income Tax - State	(9,776,523)	(6,903,415)	(16,679,938)	(238,287)	(837,375)	(1,075,662)
8	Income Tax - Federal	(24,220,908)	(40,668,865)	(64,889,773)	(2,428,558)	(6,180,233)	(8,608,791)
9	Deferred Taxes	345,600,132	15,008,125	360,608,257	34,652,290	1,829,945	36,482,235
10	Investment Tax Credit	(6,780,410)	-	(6,780,410)	(708,354)	-	(708,354)
11	Total Operating Expenses	4,471,648,258	(50,840,123)	4,420,808,135	480,758,524	(8,607,496)	472,151,028
12	Operating Return	710,001,648	(45,335,890)	664,665,758	71,718,938	(8,200,454)	63,518,484
13	Customer Growth	5,058,462	(322,999)	4,735,463	102,651	(11,737)	90,914
14	Interest on Customer Deposits (After Taxes)	(8,163,878)	-	(8,163,878)	(619,421)	-	(619,421)
15	Total Income for Return	706,896,233	(45,658,889)	661,237,344	71,202,168	(8,212,191)	62,989,977
16	Rate Base						
17	Plant in Service	20,044,664,943	(25,088,271)	20,019,576,672	2,169,325,190	(8,341,037)	2,160,984,153
18	Reserve for Depreciation	(9,295,327,420)	5,209,661	(9,290,117,759)	(1,002,825,592)	1,388,777	(1,001,436,814)
19	Net Plant	10,749,337,523	(19,878,610)	10,729,458,913	1,166,499,598	(6,952,260)	1,159,547,339
20	Construction Work in Progress	-	670,000,000	670,000,000	80,766,287	72,681,600	72,681,600
21	Other Rate Base	350,403,679	(261,293,824)	89,109,855	40,097,499	(34,764,869)	46,001,418
22	Total Working Capital	381,835,730	-	381,835,730	40,097,499	-	40,097,499
23	Materials & Supplies	1,462,053,658	43,696,226	1,505,749,884	162,266,569	4,847,147	167,113,715
24	Accumulated Deferred Income Taxes	(2,578,097,008)	218,348,783	(2,359,748,225)	(308,369,340)	27,604,003	(280,765,337)
25	Total Rate Base	10,365,533,581	650,872,575	11,016,406,156	1,141,260,613	63,415,621	1,204,676,234
26	Rate of Return	6.82%		6.00%	6.24%		5.23%
27	Return on Equity	9.37%		7.84%	8.26%		6.34%

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Duke Energy Progress
Electric Accounting & Pro Forma Adjustments
Total Company
Twelve Months Ended March 31, 2014

Adj. #	Description	Revenues	O&M Expenses	Deprec. & Amort. Expense	Taxes Other Than Income	State Income Tax @ 6.47%	Federal Income Tax @ 35%	Provision for Deferred Taxes	Plant in Service	Accum. Deprec.	CWIP	ADIT	Other Rate Base	Working Cash	Materials & Supplies
1	Normalize O&M labor costs		27,662,895			(1,785,789)	(9,055,587)								
2	Update for increased/decreased benefits costs		(28,935,348)			1,872,117	9,472,131								
3	Annualize depreciation on year end plant balances			21,146,334		(1,368,168)	(6,922,358)			(21,146,334)					
4	Adjust the amount of EPS in rate base			4,353,636		(281,680)	(1,425,185)		184,436,767	(4,353,636)					
5	Adjust the amount of CWIP in rate base										670,000,000				
6	Annualize property taxes on year end plant balances				977,515	(63,245)	(319,994)								
7	Eliminate Prior Period Taxes					2,586,021	7,131,459	15,008,125							
8	Eliminate SFAS 109											113,246,773	(113,246,773)		
9	Adjust Fuel Stock														43,696,226
10	Eliminate DSM, EE, DSDR impacts	(90,628,000)	(58,058,000)	15,590,000	(1,013,000)	(3,351,000)	(16,729,000)		(209,525,038)	30,709,631		105,102,010	(148,047,051)		
11	Adjust income taxes to synchronize interest expense for the adjusted test period rate base					(4,151,191)	(21,003,294)								
12	Eliminate Program Performance Incentives	(5,548,013)				(356,480)	(1,817,037)								
13	TOTAL - ALL PRO FORMAS	(96,176,013)	(59,330,453)	41,089,970	(35,485)	(6,903,415)	(40,668,865)	15,008,125	(25,088,271)	5,209,661	670,000,000	218,348,783	(261,293,824)	0	43,696,226

Duke Energy Progress
Electric Accounting & Pro Forma Adjustments
SC Retail

Twelve Months Ended March 31, 2014

Adj. #	Description	Revenues	O&M Expenses	Deprec. & Amort. Expense	Taxes Other Than Income	State Income Tax @ 5%	Federal Income Tax @ 35%	Provision for Deferred Taxes	Plant in Service	Accum. Deprec.	CWIP	ADIT	Other Rate Base	Working Cash	Materials & Supplies
1	Normalize O&M labor costs		3,031,300			(151,565)	(1,007,907)								
2	Update for increased/decreased benefits costs		(3,211,411)			160,571	1,067,794								
3	Annualize depreciation on year end plant balances			2,293,954		(114,698)	(762,740)			(2,293,954)					
4	Adjust the amount of EPIS in rate base			472,282		(23,614)	(157,034)		20,007,701	(472,282)	72,681,600				
5	Adjust the amount of CWIP in rate base														
6	Annualize property taxes on year end plant balances				106,041	(5,302)	(35,259)								
7	Eliminate Prior Period Taxes					188,942	773,621	1,825,945							
8	Eliminate SFAS 109											12,435,617	(12,285,010)		4,847,147
9	Adjust Fuel Stock														
10	Eliminate DSM, EE, DSDR impacts	(15,422,000)	(8,020,000)	2,207,000	(299,000)	(465,000)	(3,096,000)		(28,348,738)	4,155,013		15,168,386	(22,479,859)		
11	Adjust income taxes to synchronize interest expense for the adjusted test period rate base					(357,411)	(2,501,880)								
12	Eliminate Program Performance Incentives	(1,385,950)				(69,298)	(460,828)								
13	TOTAL - ALL PRO FORMAS	(16,807,950)	(8,200,111)	4,973,237	(192,959)	(837,375)	(6,180,233)	1,825,945	(8,341,037)	1,388,777	72,681,600	27,604,003	(34,764,869)	0	4,847,147

Duke Energy Progress
Statement of Fixed Assets - Electric
Twelve Months Ended March 31, 2014

Line No.	Description	Total Company			SC Retail		
		Per Books (Col. 2) \$	Adjustments (Col. 3) \$	As Adjusted (Col. 4) \$	Per Books (Col. 5) \$	Adjustments (Col. 6) \$	As Adjusted (Col. 7) \$
Gross Plant in Service							
1	Intangible Plant	304,134,783		304,134,783	32,914,829		32,914,829
2	Production	11,781,211,207	157,865,933	11,939,077,140	1,275,015,464	17,125,296	1,292,140,760
3	Transmission	2,145,805,897	20,506,807	2,166,312,704	232,228,729	2,224,578	234,453,307
4	Distribution	5,211,613,368	(208,512,000)	5,003,101,368	564,024,150	(28,238,844)	535,785,306
5	General	595,099,490	5,050,989	600,150,479	64,404,333	547,932	64,952,265
6	Common			-			-
7	Plant Held for Future Use	6,800,198		6,800,198	737,685		737,685
8	Total Gross Plant in Service	20,044,664,943	(25,088,271)	20,019,576,672	2,169,325,190	(8,341,037)	2,160,984,153
Construction Work in Progress							
9	Production		605,000,000			65,630,400	
10	Transmission		45,000,000			4,881,600	
11	Distribution		22,000,000			2,386,560	
12	General		(2,000,000)			(216,960)	
13	Common						
14	Total Construction Work in Progress	-	670,000,000	670,000,000	-	72,681,600	72,681,600

Duke Energy Progress
Reserve for Depreciation - Electric
Twelve Months Ended March 31, 2014

Line No.	Description (Col. 1)	Total Company			SC Retail		
		Per Books (Col. 2) \$	Adjustments (Col. 3) \$	As Adjusted (Col. 4) \$	Per Books (Col. 5) \$	Adjustments (Col. 6) \$	As Adjusted (Col. 7) \$
1	Intangible Plant	(204,856,875)		(204,856,875)	(22,148,622)		(22,148,622)
2	Production	(5,507,912,436)	(19,008,965)	(5,526,921,401)	(593,339,597)	(2,062,093)	(595,401,690)
3	Transmission	(729,867,354)	(1,610,514)	(731,477,868)	(78,911,464)	(174,709)	(79,086,172)
4	Distribution	(2,621,992,500)	27,904,519	(2,594,087,981)	(283,483,381)	3,850,715	(279,632,666)
5	General	(230,698,255)	(2,075,379)	(232,773,634)	(24,942,528)	(225,137)	(25,167,665)
6	Common			-			-
7	Total Reserve for Depreciation	(9,295,327,420)	5,209,661	(9,290,117,759)	(1,002,825,592)	1,388,777	(1,001,436,814)

Duke Energy Progress
Other Rate Base Items - Electric
Twelve Months Ended March 31, 2014

Line No.	Description (Col. 1)	Total Company			SC Retail		
		Per Books (Col. 2) \$	Adjustments (Col. 3) \$	As Adjusted (Col. 4) \$	Per Books (Col. 5) \$	Adjustments (Col. 6) \$	As Adjusted (Col. 7) \$
1	Unamortized Debt Expense	34,937,428		34,937,428	3,790,012		3,790,012
2	Design Basis	15,170,883		15,170,883	1,504,496		1,504,496
3	SFAS 158	271,948,216		271,948,216	29,800,085		29,800,085
4	GridSouth	3,676,168		3,676,168	3,676,168		3,676,168
5	Rate Case Costs	2,481,681		2,481,681	-		-
6	SFAS 109	113,246,773	(113,246,773)	0	12,285,010	(12,285,010)	(0)
7	PSNC Pipeline	654,847		654,847	64,941		64,941
8	SC Pollution Control Deferral	26,139,863		26,139,863	26,139,863		26,139,863
9	DSM	148,047,051	(148,047,051)	(0)	22,479,859	(22,479,859)	(0)
10	Coal Inventory Rider	42,405		42,405	-		-
11	Accum Provision for Pensions & Benefits	(287,569,328)		(287,569,328)	(31,514,465)		(31,514,465)
12	Accum Misc Operating Provisions	124,876,112		124,876,112	13,685,061		13,685,061
13	Unclaimed Refunds	-		-	-		-
14	Customer Advances For Construction	(7,397,108)		(7,397,108)	(972,852)		(972,852)
15	End of Life Reserves	(6,725,070)		(6,725,070)	-		-
16	Emission Allowances Proceeds	(10,551,823)		(10,551,823)	-		-
17	DOE Refund	(11,258,420)		(11,258,420)	-		-
18	REPS	(60,729,766)		(60,729,766)	-		-
19	Sale of Harris Land Deferral	(6,414,341)		(6,414,341)	-		-
20	NCDT Overfund - SC	(752,193)		(752,193)	(752,193)		(752,193)
21	SC Fukushima Deferral	580,300		580,300	580,300		580,300
22							
23							
24							
25							
26	Total Deferred Debits/Credits	350,403,679	(261,293,824)	89,109,855	80,766,287	(34,764,869)	46,001,418

Duke Energy Progress
Total Working Capital - Electric
Twelve Months Ended March 31, 2014

Line No.	Description	Total Company			SC Retail		
		Per Books (Col. 2) \$	Adjustments (Col. 3) \$	As Adjusted (Col. 4) \$	Per Books (Col. 5) \$	Adjustments (Col. 6) \$	As Adjusted (Col. 7) \$
1	Twelve Month O&M Expenses	3,409,619,794		3,409,619,794			-
	Less: Purchased Power/Sales to Other Utilities - Net	315,997,895		315,997,895			-
	Nuclear Fuel Expense	170,126,454		170,126,454			-
	Amortization of Property Losses	(8,684,435)		(8,684,435)			-
1a	Adjusted O&M	2,932,179,880	-	2,932,179,880	325,430,133	-	325,430,133
2	Working Cash (1/8 of O&M Expenses on Line 1)	366,522,485		366,522,485	40,678,767		40,678,767
3	Accrued Utility Revenue	120,131,856		120,131,856	15,466,376		15,466,376
4	Prepayments	81,567,465		81,567,465	8,848,786		8,848,786
5	Total Investor Advanced Funds	568,221,806	-	568,221,806	64,993,929	-	64,993,929
6	Less: Customer Deposits	(131,019,762)		(131,019,762)	(18,880,440)		(18,880,440)
7	Average Tax Accruals	(46,666,202)		(46,666,202)	(5,062,552)		(5,062,552)
8	Nuclear Refueling						
9	Injuries and Damages	(8,700,112)		(8,700,112)	(953,437)		(953,437)
10	Total Working Capital	381,835,730	-	381,835,730	40,097,499	-	40,097,499

Duke Energy Progress
Materials & Supplies - Electric
Twelve Months Ended March 31, 2014

Line No.	Description (Col. 1)	Total Company			SC Retail		
		<u>Per Books</u> (Col. 2) \$	<u>Adjustments</u> (Col. 3) \$	<u>As Adjusted</u> (Col. 4) \$	<u>Per Books</u> (Col. 5) \$	<u>Adjustments</u> (Col. 6) \$	<u>As Adjusted</u> (Col. 7) \$
	Fuel Stock						
1	Nuclear	414,051,756		414,051,756	45,930,044		45,930,044
2	Fossil	231,087,395	43,696,226	274,783,621	25,634,125	4,847,147	30,481,272
3	Total Fuel Stock	645,139,151	43,696,226	688,835,377	71,564,169	4,847,147	76,411,315
4	Emission Allowances	74,962,739		74,962,739	362,781		362,781
5	Other Electric Materials and Supplies	741,951,768		741,951,768	90,339,619		90,339,619
6	Total Materials & Supplies	<u>1,462,053,658</u>	<u>43,696,226</u>	<u>1,505,749,884</u>	<u>162,266,569</u>	<u>4,847,147</u>	<u>167,113,715</u>

Duke Energy Progress
Cost of Capital - Electric Operations
Twelve Months Ended March 31, 2014

Total Company													
		Per Books						As Adjusted					
Line No.	Description	Amount (Col. 1)	Ratio (Col. 2)	Retail Rate Base (Col. 3)	Embedded Cost/ Return (Col. 4)	Weighted Cost/ Return (Col. 5)	Operating Income (Col. 6)	Amount (Col. 7)	Ratio (Col. 8)	Retail Rate Base (Col. 9)	Embedded Cost/ Return (Col. 10)	Weighted Cost/ Return (Col. 11)	Operating Income (Col. 12)
		\$	%	\$	%	%	\$	\$	%	\$	%	%	\$
1	Long Term Debt 1/	5,555,752,553	47.89%	4,964,380,738	4.04%	1.94%	200,703,102	5,555,752,553	48.38%	5,329,546,167	4.04%	1.96%	215,466,239
2	Preferred Stock	-					506,193,131	5,928,232,144	51.62%	5,686,859,989	7.84%	4.05%	445,771,105
3	Common Equity	6,044,554,251	52.11%	5,401,152,843	9.37%	4.88%							
4	Total	11,600,306,804	100.00%	\$ 10,365,533,581			\$ 706,896,233	11,483,984,697	100.00%	\$ 11,016,406,156			\$ 661,237,344

SC Retail													
As Adjusted													
Per Books													
Line No.	Description	Amount (Col. 1)	Ratio (Col. 2)	Retail Rate Base (Col. 3)	Embedded Cost/ Return (Col. 4)	Weighted Cost/ Return (Col. 5)	Operating Income (Col. 6)	Amount (Col. 7)	Ratio (Col. 8)	Retail Rate Base (Col. 9)	Embedded Cost/ Return (Col. 10)	Weighted Cost/ Return (Col. 11)	Operating Income (Col. 12)
5	Long Term Debt	\$ 5,555,752,553	47.89%	\$ 546,585,678	4.04%	1.94%	\$ 22,097,709	\$ 5,555,752,553	48.38%	\$ 582,801,461	4.04%	1.96%	\$ 23,561,863
6	Preferred Stock	-			8.26%	4.30%	49,104,459	5,928,232,144	51.62%	621,874,773	6.34%	3.27%	39,428,113
7	Common Equity	6,044,554,251	52.11%	594,674,935									
8	Total	11,600,306,804	100.00%	\$ 1,141,260,613			2/ \$ 71,202,168	11,483,984,697	100.00%	\$ 1,204,676,234		2/ \$ 62,989,977	

1/ - Long Term Debt includes:

First Mortgage Bonds
Unamortized Discounts on LTD
less Unamortized Loss on Recquired Debt

2/ - Includes approximately \$6.1M net of tax of Cost to Achieve.